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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

◆ **Wheat.** The WAOB raised projected U.S. 1998-99 ending stocks of wheat from previous forecast because of larger imports and reduced exports. The exports were lowered because of slower-than-expected food aid shipments to Russia and other needy countries. The projected price range for all wheat for the 1998 crop is \$2.65 to \$2.75 per bushel.

◆ **Corn.** Corn ending stocks for the 1998-99 marketing year are forecasted by the WAOB to total 1.77 billion bushels, 36% more than after the 1997-98 marketing year. The average farm price for the 1998 crop is expected to be between \$1.80 and \$2.10.

◆ **Soybeans.** Stocks of soybeans on hand, September 1, 1999 are forecasted at 410 million bushels by the WAOB. This would be more than double the 200 million bushels on hand following the 1997-98 marketing year. The average price for the 1998 crop is expected to be between \$5.00 and \$5.40. Prospective U.S. soybean exports are less than previously expected due to increased competition from South America.

◆ **Oranges.** All oranges production forecast for 1998-99 is 10.3 million tons, down 26 % from last year's record large crop of 13.9 million tons.

◆ **Cattle.** February 1 **cattle on feed** in the U.S. feedlots with capacity of 1,000 or more totaled 10.50 million head, down 3% from a year earlier. Placements were up 11% from the previous year. Marketings of fed cattle were 2% higher than 1998. At mid-February, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$63 per cwt. Prices are expected to average in the mid to upper \$60's during the second half of 1999. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$72 per cwt in mid-February, up slightly from mid-January.

◆ **Hogs.** Hog slaughter during recent weeks has been running about 2% above a year ago. Prices at mid-February (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$26 per cwt, down about \$5 from mid-January. Prices are expected to strengthen during the year as slaughter supplies continue to decline. Prices are expected to average \$38-42 per cwt for 4th quarter 1999.

◆ **Other Livestock.** January **milk production** was up 3.7% from the previous year. Production per cow increased 3.9% , however, the number of cows was almost unchanged from January 1998. The January **Basic Formula Price (BFP)** was \$16.27 per cwt, down \$1.07 from December. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) decreased 12.5 cents for the first week of February and 1.4 cents for the second week. This suggests that the February BFP will decrease. During December, total **cheese** production was 6.3% above the previous year, **butter** production was down 4.1% and **nonfat dry milk** production was up 2.6%. January 1 all **sheep** and lamb inventory decreased 8 percent from 1998. Breeding sheep inventory declined 5% and market sheep and lambs decreased 13%. Sheep slaughter for January totaled 268 thousand head, down 13% from last years number. The average live weight was 134 pounds, down 2 pounds from January a year ago. U.S. **egg production** for the first quarter of 1999 is expected to be up 2 percent from a year ago. Wholesale market **egg prices** for the first quarter of 1999 are expected to average 75-77 cents per dozen, compared with 79.0 cents a year ago. Second quarter 1999 market egg prices (Grade A large, New York) are expected to average 63-67 cents per dozen, compared with 66.5 cents a year ago. For the week ending February 13, cumulative **broiler placements** for 1999 in 15 selected states were 850 million, up 3 percent from the same period a year earlier. The wholesale 12 city average price for whole broilers for the first quarter of 1999 is expected to be 57-59 cents, compared to 56.4 cents for the first quarter of last year. Second quarter 1999 broiler prices are expected to average 57-61 cents per pound, compared with the 61.0 cents for a year earlier. Cumulative **turkey poult placements** for the 1999 marketing year were 115 million, 7 percent less than the same period a year ago. Placements in January were 7 percent less than last January. Prices (8-16 lb hens, Eastern Region) for the first quarter of 1999 are expected to be in the 56-58 cent range compared with 55.1 cents for the first quarter last year. Turkey prices for the second quarter of 1999 are expected to average 58-62 cents per pound, compared with the 59.1 cents average for the second quarter of 1998.

Supplies in refrigerated warehouses the end of January compared with a year earlier were: chicken up 8%, turkeys down 27%, pork up 16%, beef down 10%, cheese up 2%, and frozen orange juice up 9%.

◆**Trade.** February U.S. **trade projections** for corn and broilers improved while 1998/99 export prospects for wheat, rice, soybeans, and cotton declined, compared with last month. Beef, pork, and turkeys were unchanged from January. February projections for the volume of exports for the 1998/99 marketing year compared to 1997/98 are: **wheat** down 1%; **corn** up 15%; **rice** up 1%; **soybeans** down 7%; **soybean meal** down 15%; **soybean oil** down 17%; and **cotton** down 44%. February projections for the volume of meat exports in calendar 1999 compared to 1998 are: **beef** up 8%; **pork** up 10%; **broilers** down 2%; and **turkeys** down 2%. The U.S. **trade** deficit for goods and services decreased to \$13.8 billion in December, from a revised \$15.3 billion November.

◆**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, was up 0.2% in January and has increased 1.7% over the last 12 months. The **PPI** increased 0.5% in January. This followed an increase of 0.4% in December. For the 12-month period ending in January, the PPI increased 0.9%. The January **prime rate**, averaging 7.75%, was unchanged from December. Compared to a year earlier, **feed** prices in January were down 17%; **feeder livestock and poultry** prices down 4%; **fertilizer** down 9%; **ag chemicals** down 1%; **farm machinery** up 2%; **seeds** up 2%; and **fuels** down 37%.

◆**World Weather and Crop Developments** (February 7-13). A storm system spread moderate to locally heavy snow over western **Ukraine** and parts of northern **Russia**, increasing snow cover. Mild weather in eastern **Ukraine** and southern **Russia** continued to diminish protective snow cover, leaving crop areas exposed to potentially extreme cold. Stormy weather brought widespread rain and snow to most of **Europe**, except in Spain, where prolonged dryness in the south continued to hamper winter grain development. The third consecutive week of dry weather prevailed in over winter grain areas of **Northwest Africa**, where moisture was once again becoming limited for crops, advancing through the jointing stage in southern areas. A cyclone inundated Queensland's northern sugarcane areas, while more moderate showers covered important cotton, sorghum, and winter grain areas in **Australia**. In **South Africa**, mostly dry, seasonably warm weather increased moisture demands on reproductive to filling corn and other summer crops. Heavy showers caused local flooding along the east-central **Philippines** and peninsular **Thailand**. Persistent mild weather caused winter wheat to lose winter hardiness across the **North China Plain**. Widespread showers continued to benefit vegetative to reproductive summer crops in southern **Brazil** and central **Argentina**. In the U.S., temperatures continued to average well above normal across most of the Nation. Only areas along the Pacific Coast and adjacent areas of the Rocky Mountains experienced below-normal average temperatures. Storms continued to pound coastal areas of the Pacific Northwest and points as far south as central California, causing flooding, erosion, and mud slides. Farther inland, at higher elevations of the northern Rockies, the storms delivered additional snow. In California, the rain and wet soils curtailed field activities in most areas until late in the week. Abundant moisture aided development of small grains, winter forages, and sugarbeets. East of the Rockies, from the northern High Plains to the Great Lakes and extending south through the Corn Belt, Great Plains, and lower Mississippi Valley, remained in a dry pattern. In Texas, fieldwork continued unhindered in most areas. Corn and sorghum planting increased in southern and coastal areas until a late-week cold front arrived. Growth of grasses and small grains improved due to warm weather. Some early-planted corn fields emerged despite late-week cold temperatures. An area stretching from the eastern Corn Belt through the Ohio Valley into the Southeast remained wet due to additional showers. In Florida, warm, dry weather aided sugarcane harvest and field preparations for spring crops. However, winter grains were stressed by moisture shortages. The late-week frost and strong winds caused some minor citrus leaf burn and bloom bud damage. Crews rapidly harvested the early- and mid-season orange crop. Vegetable growth was normal and quality was mostly good.

◆**Other News.** With receding **hog** slaughter levels, lower production, and continued increases in net exports, hog prices are expected to rebound from the extreme lows in late 1998, rising throughout 1999 from the mid-\$20's to the low \$40's per cwt, and averaging in the mid-\$30's per cwt for the year. The **spread of Asia's financial crisis to Brazil**, marked by a sharp devaluation of its currency in mid-January, has renewed concerns about the consequences of the crisis for U.S. agriculture. Latin America and Asia together bought about 60 percent of U.S. agricultural exports last fiscal year, and Brazil's currency devaluation is already having repercussions in other countries in Latin America. In the short run, Brazil's devaluation will have relatively little impact on U.S. agricultural trade with Brazil, though an expected reduction in U.S. agricultural exports and an increase in agricultural imports will likely widen the U.S. agricultural trade deficit with Brazil (\$684 million in fiscal year 1998). **Biotechnology's next quest**--to provide field crops with value-enhanced qualities for consumers, output traits--is underway. Biotechnology's first stage featured crops with improved agronomic qualities--input traits--valued by farmers, such as resistance to pests. The industry now visualizes a more consumer-driven system in which farmers grow crops designed for the specific needs of end-users in food manufacturing, the livestock sector, and even the pharmaceutical industry. When individual efforts to deal with **farm financial stress** fail and large numbers of farms face significant financial loss, the Federal government has stepped in to assist farmers with direct payments, loans, and other types of support. The 1999 Agricultural Appropriations Act provided for \$2.375 billion of emergency financial aid to farmers.

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